

Attachment 2

Original Proposal

Rule R307-224

facility had begun after the effective date of the standard of performance issued under 40 CFR Part 60.

"Designated Pollutant" means any air contaminant, the emission of which:

- (a) is subject to a standard of performance for a new source; and
- (b) is not subject to a National Ambient Air Quality Standard; and
- (c) is not a hazardous air pollutant as defined in R307-101-2.)

R307-220-5. Section IV, Coal-Fired Electric Generating Units.

Section IV, Coal-Fired Electric Generating Units, as most recently adopted by the Air Quality Board on February 7, 2007, pursuant to Section 19-2-104, is hereby incorporated by reference and made a part of these rules.

KEY: air pollution, landfills, ~~environmental protection,~~ incinerators, ~~electric generating units~~

Date of Enactment or Last Substantive Amendment: [October 3, 2002] 2007

Notice of Continuation: March 26, 2002

Authorizing, Implemented, or Interpreted Law: 19-2-104(3)(g)

Environmental Quality, Air Quality **R307-224**

Mercury Emission Standards: Coal-Fired Electric Generating Units

NOTICE OF PROPOSED RULE

(New Rule)

DAR FILE No.: 29230

FILED: 11/15/2006, 11:12

RULE ANALYSIS

PURPOSE OF THE RULE OR REASON FOR THE CHANGE: Rule R307-224 incorporates by reference parts of 40 CFR Part 60, Subpart HHHH, which requires nationwide reductions in mercury emissions from coal-fired electric generating units (see separate filings in this issue on Rules R307-210, R307-220, and R307-424). (DAR NOTE: The proposed amendment for Rule R307-210 is under DAR No. 29228, the proposed amendment for Rule R307-220 is under DAR No. 29229, and the proposed new Rule R307-424 is under DAR No. 29231 in this issue, December 1, 2006, of the Bulletin.)

SUMMARY OF THE RULE OR CHANGE: The Air Quality Board proposes to incorporate by reference most of 40 CFR Part 60, Subpart HHHH, which establishes a national cap and trade program for mercury emissions from coal fired power plants and institutes a two-phase reduction program. In 1999, mercury emissions from coal-fired electric generating units were estimated at 48 tons nationally; by 2010, emissions will be limited to 38 tons, and in 2018, to 15 tons. Any new electric generating unit beginning construction after January 30, 2004, must meet emission limits in Subpart Da; for units already in existence, each state must write a Designated Facilities Plan demonstrating that emissions will not exceed

the amounts budgeted for that state. See separate filing on Rule R307-220, which incorporates Utah's Designated Facilities Plan, and Rule R307-424.

STATE STATUTORY OR CONSTITUTIONAL AUTHORIZATION FOR THIS RULE: Subsection 19-2-104(3)(g)

THIS RULE OR CHANGE INCORPORATES BY REFERENCE THE FOLLOWING MATERIAL: 40 CFR Part 60, Subpart HHHH, effective July 1, 2006

ANTICIPATED COST OR SAVINGS TO:

❖ **THE STATE BUDGET:** There is no additional cost to state government, as the cost of enforcing the regulations is covered by the fees paid by the affected sources for their permits under Rule R307-415, Operating Permits.

❖ **LOCAL GOVERNMENTS:** There are no costs to local governments, because any regulated sources owned by local governments pay their fees from the revenue generated by selling electric power.

❖ **OTHER PERSONS:** The regulated sources will receive allowances for all their current emissions of mercury. There is nothing in this rule that requires regulated sources to add additional control measures, and thus, there is no cost. However, the Plan requires that affected sources install continuous emissions monitoring equipment; the cost is unknown because the equipment does not yet exist.

COMPLIANCE COSTS FOR AFFECTED PERSONS: The regulated sources will receive allowances for all their current emissions of mercury. There is nothing in this rule that requires regulated sources to add additional control measures, and thus there is no cost. However, the Plan requires that affected sources install continuous emissions monitoring equipment; the cost is unknown because the equipment does not yet exist.

COMMENTS BY THE DEPARTMENT HEAD ON THE FISCAL IMPACT THE RULE MAY HAVE ON BUSINESSES: Utah's allowance under the national program is adequate to allow electric generating units to continue to operate without changing their mercury emissions. However, there will be unknown expenses to install continuous emissions monitoring equipment. Reductions will be achieved by adoption of Rule R307-424 (see separate filing in this issue). Dianne R. Nielson, Executive Director

THE FULL TEXT OF THIS RULE MAY BE INSPECTED, DURING REGULAR BUSINESS HOURS, AT:

ENVIRONMENTAL QUALITY

AIR QUALITY

150 N 1950 W

SALT LAKE CITY UT 84116-3085, or

at the Division of Administrative Rules.

DIRECT QUESTIONS REGARDING THIS RULE TO:

Jan Miller at the above address, by phone at 801-536-4042, by FAX at 801-536-0085, or by Internet E-mail at janmiller@utah.gov

DAR File No. 29231

INTERESTED PERSONS MAY PRESENT THEIR VIEWS ON THIS RULE BY SUBMITTING WRITTEN COMMENTS TO THE ADDRESS ABOVE NO LATER THAN 5:00 PM on 01/02/2007

INTERESTED PERSONS MAY ATTEND A PUBLIC HEARING REGARDING THIS RULE: 12/12/2007 at 1:30 PM, DEQ Building, 168 N 1950 W, Room 201, Salt Lake City, UT.

THIS RULE MAY BECOME EFFECTIVE ON: 02/07/2007

AUTHORIZED BY: M. Cheryl Heying, Planning Branch Manager

R307. Environmental Quality, Air Quality.

R307-224. Mercury Emission Standards: Coal-Fired Electric Generating Units.

R307-224-1. Purpose and Applicability.

(1) Nationwide reductions of mercury (Hg) emissions from certain coal-fired electric generating units are required by 40 CFR Part 60, subparts B and HHHH, in effect on June 9, 2006, and by the Designated Facilities Plan for coal-fired electric generating units, incorporated by reference at R307-220-5.

(2) R307-224 regulates mercury emissions from any coal-fired electric generating unit as defined in 40 CFR 60.24.

R307-224-2. Emission Guidelines and Compliance Times for Coal-Fired Electric Generating Units.

(1) The following sections of 40 CFR Part 60, subpart HHHH effective on June 9, 2006, are adopted and incorporated by reference into these rules:

- (a) Sections 60.4101 through 60.4124;
- (b) Sections 60.4142 paragraph (c)(2) through paragraph (c)(4);
- (c) Sections 60.4150 through 60.4176.

KEY: air pollution, electric generating unit, mercury

Date of Enactment or Last Substantive Amendment: 2007

Authorizing, Implemented, or Interpreted Law: 19-2-104(3)(a); 40 CFR Part 60, Subparts Da and HHHH

Environmental Quality, Air Quality **R307-424** Permits: Mercury Requirements for Electric Generating Units

NOTICE OF PROPOSED RULE

(New Rule)

DAR FILE NO. 29231

FILED: 11/15/2006, 11:12

RULE ANALYSIS

PURPOSE OF THE RULE OR REASON FOR THE CHANGE: The purpose of Rule R307-424 is to reduce present and future emissions of mercury from coal-fired electric generating units (see separate filings for Rules R307-210, R307-220, and R307-224 in this issue). (DAR NOTE: The proposed

amendment for Rule R307-210 is under DAR No. 29228, the proposed amendment for Rule R307-220 is under DAR No. 29229, and the proposed new Rule R307-224 is under DAR No. 29230 in this issue, December 1, 2006, of the Bulletin.)

SUMMARY OF THE RULE OR CHANGE: Rule R307-424 requires that existing coal-fired electric generating units with an input heat capacity in excess of 1,500 MMbtu per hour shall demonstrate compliance with at least one of the following: 1) a maximum emission rate of 6.50 X 10⁻⁷ pounds mercury per million btu heat input; or 2) a minimum of 90% control of total mercury emissions. Any electric generating unit, new or expanding, in addition to being subject to the requirements of 40 CFR Part 60, Subpart HHHH, which is incorporated by reference in Rule R307-224, is required to obtain offsets at a ratio of 1:1.1 from other electric generating units within Utah when seeking a permit to increase emissions of mercury. The Air Quality Board specifically seeks comment as to whether emission credit may be sought for use in Utah from the Deseret Generation and Transmission plant in the Uintah Basin, as this proposal allows; the plant is on tribal lands and thus its emissions are regulated by the federal government, not the state (see separate filings on Rules R307-220 and R307-224 in this issue).

STATE STATUTORY OR CONSTITUTIONAL AUTHORIZATION FOR THIS RULE: Subsections 19-2-104(1)(a) and 19-2-104(3)(e)

ANTICIPATED COST OR SAVINGS TO:

❖ THE STATE BUDGET: There is no additional cost to state government, as the cost of enforcing the regulations is covered by the fees paid by the affected sources for their permits under Rule R307-415, Operating Permits.

❖ LOCAL GOVERNMENTS: There is no cost to local governments, as no sources owned by local governments are affected by this rule.

❖ OTHER PERSONS: Four of the affected electric generating units in Utah can meet the emission limits of this rule; there are 3 other units that will need to retrofit and the cost will be approximately \$60 million per unit, for a total of \$150,000,000. Retrofitting will allow the operators of these sources to sell mercury emissions allowances on the national market to other electric generating units where the cost of retrofitting is higher, thus offsetting part of the cost. The value of the offsets is unknown until the national program begins operation (see separate filings in this issue on Rules R307-220 and R307-224).

COMPLIANCE COSTS FOR AFFECTED PERSONS: Four of the affected electric generating units in Utah can meet the emission limits of this rule; there are 3 other units that will need to retrofit and the cost will be approximately \$50,000,000 per unit. Retrofitting will allow the operators of these sources to sell mercury emissions allowances on the national market to other electric generating units where the cost of retrofitting is higher, thus offsetting part of the cost. The value of the offsets is unknown until the national program begins operation (see separate filings in this issue on Rules R307-220 and R307-224).